

**CLARKSVILLE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

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CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kurt Wedeking	President	2011
Chris Backer	Vice President	2011
Justin Clark		2013
Sharon Markussen		2013
Rachelle Kelm		2013

School Officials

Robert Longmuir	Superintendent
Shellee Bartlett	District Secretary/ Treasurer

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants

- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation

- Year Round Tax Planning

- Payroll & Sales Tax Preparation

- I.R.S. Representation

- Monthly/Quarterly Write-Up

- Data Processing Services

- Payroll Preparation

- Financial Statement Preparation

- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience

- Evenings & Saturdays Available by Appointment

- Extended Hours During Tax Season

Independent Auditor's Report

To the Board of Education of
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Clarksville Community School District, Clarksville, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

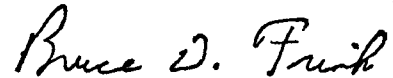
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Clarksville Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2012 on our consideration of Clarksville Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 35 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarksville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

BRUCE D. FRINK
Certified Public Accountant

March 14, 2012

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Clarksville Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,542,518 in fiscal 2010 to \$3,806,909 in fiscal 2011, while General Fund expenditures increased from \$3,640,658 in fiscal 2010 to \$3,781,877 in fiscal 2011. The District's General Fund balance increased from \$86,988 in fiscal 2010 to \$112,020 in fiscal 2011.
- The District received \$288,157 in revenues from the statewide sales, services and use tax program.
- The District's Certified Enrollment decreased from 378.8 students in October 2009 to 354.45 students in October 2010. The District received weighting of 9.0 students as part of the DE approved preschool program.
- The number of students who open enrolled out of the District decreased by 2 students in the October 2010 Certified Enrollment compared to the October 2009 Certified Enrollment while the number of students who open enrolled in to the District increased by 1. The net difference between the District's open enrollment in (positive financial impact) and its open enrollment out (negative financial impact) was a negative 26 students.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clarksville Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarksville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds and a multiyear comparison of revenues and expenditures.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Clarksville Community School District Annual Financial Report

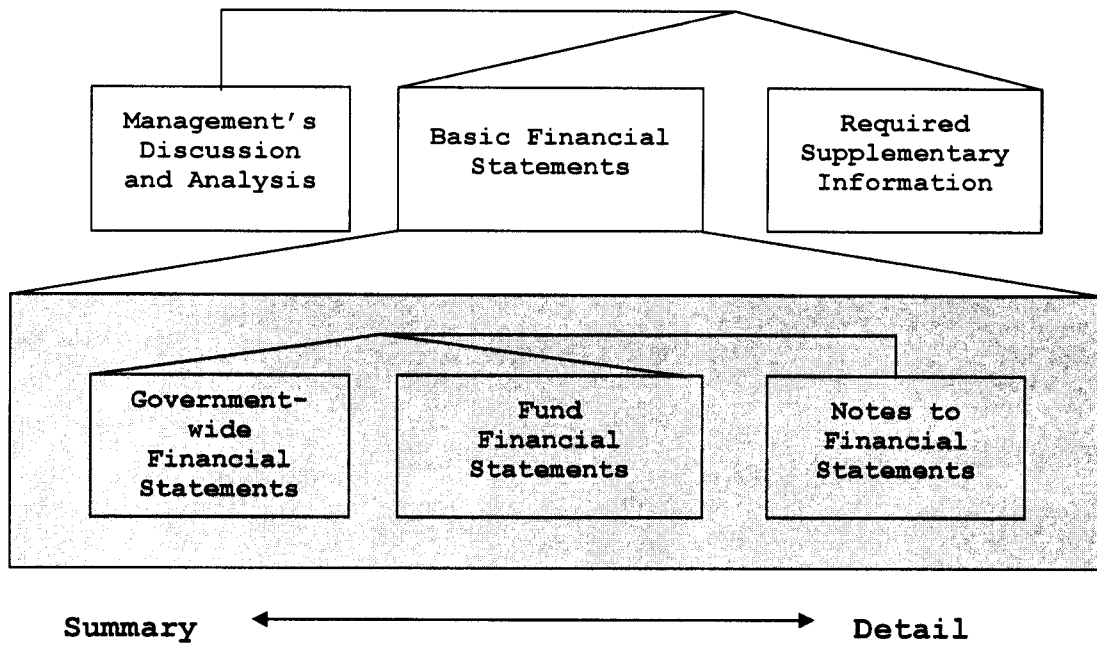


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has chosen to treat all funds as "major" for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current assets	\$ 2,352	1,988	32	60	2,384	2,048	16.41%
Capital assets	2,200	2,047	7	6	2,207	2,053	7.50%
Total assets	4,552	4,035	39	66	4,591	4,101	11.95%
Current liabilities	1,495	1,254	3	2	1,498	1,256	19.27%
Non-current liabilities	128	142	-	-	128	142	-9.86%
Total liabilities	1,623	1,396	3	2	1,626	1,398	16.31%
Net Assets							
Invested in capital assets, net of related debt	2,171	2,005	6	6	2,177	2,011	8.25%
Restricted	600	468	-	-	600	468	28.21%
Unrestricted	158	166	30	58	188	224	-16.07%
Total net assets	\$ 2,929	2,639	36	64	2,965	2,703	9.69%

Total net assets grew 10% primarily due to an increase in the Statewide Sales, Services and Use Tax Fund. Unrestricted net assets fell over \$36,000 primarily due to a decrease in the School Nutrition Fund. The District also spent over \$300,000 on items whose cost will be depreciated over their useful lives. While this required the use of current assets, the expense is spread out under generally accepted accounting principles.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4								
Changes in Net Assets								
(Expressed in Thousands)								
Governmental Activities			Business Type Activities		Total School District		Total Change	
2011	2010		2011	2010	2011	2010	2010-2011	
Revenues:								
Program revenues:								
Charges for service and sales	\$ 84	89	89	97	173	186	-6.99%	
Operating grants, contributions and restricted interest	924	944	76	84	1,000	1,028	-2.72%	
General revenues:								
Property tax	1,176	1,136	-	-	1,176	1,136	3.52%	
Income surtax	210	245	-	-	210	245	-14.29%	
Statewide sales, services and use tax	288	186	-	-	288	186	54.84%	
Unrestricted state grants	1,770	1,471	-	-	1,770	1,471	20.33%	
Unrestricted investment earnings	9	12	-	-	9	12	-25.00%	
Other	4	2	-	-	4	2	100.00%	
Total revenues	4,465	4,085	165	181	4,630	4,266	8.53%	
Program expenses:								
Governmental activities:								
Instruction	2,960	2,912	-	-	2,960	2,912	1.65%	
Support Services	847	845	-	-	847	845	0.24%	
Non-instructional programs	3	3	192	182	195	185	5.41%	
Other expenses	365	337	-	-	365	337	8.31%	
Total expenses	4,175	4,097	192	182	4,367	4,279	2.06%	
Change in net assets	\$ 290	(12)	(27)	(1)	263	(13)	-2123.08%	

Property tax and unrestricted state grants account for 64% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 87% of the total expenses. The District continues to focus more of its expenditures each year on activities directly related to student education than the state average.

Governmental Activities

Revenues for governmental activities were \$4,465,056 and expenses were \$4,174,567 for the year ended June 30, 2011.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 2,960	2,912	1.65%	2,180	2,083	4.66%
Support Services	847	845	0.24%	830	809	2.60%
Noninstructional	3	3	0.00%	3	3	0.00%
Other expenses	365	337	8.31%	154	169	-8.88%
Totals	\$ 4,175	4,097	1.90%	3,167	3,064	3.36%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$83,729.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$558,556.
- The net cost of governmental activities was financed with \$1,176,309 in property tax (a 4% increase) and \$1,770,187 in state foundation aid (a 20% increase). State aid returned to 2009 levels after a large state aid cut in FY10.

PROPRIETARY-TYPE FUNDS

Revenues for the District's School Nutrition Fund were \$165,356 and expenses were \$191,925. The revenues include charges for services, contributions, and federal and state reimbursements.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Clarksville Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported a combined fund balance of \$650,700, which is twenty-five percent greater than last year's ending fund balance of \$521,384.

Governmental Fund Highlights

Several factors contributed to the decrease of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- The District received revenues of \$288,157 from the statewide sales, services and use tax. This was an increase of over \$100,000.
- Inadequate allowable growth of 2% and less has caused the District to look for outside funding sources and enact severe cost containment measures.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$63,383 at June 30, 2010 to \$36,814 at June 30, 2011, a large decrease. The fund's cash balance actually decreased by over \$25,000.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget was amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year. Actual amounts for state source revenues were over \$100,000 less than anticipated. Increased federal revenues offset less than half this amount. The District exceeded the amended budgeted amount in the instruction function. The unspent authorized budget was not exceeded during fiscal 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested more than \$2.1 million, net of accumulated depreciation, by the end of fiscal year 2011 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$154,000. Additions to capital assets exceeded \$300,000 during the year.

Long-Term Debt

In 2011, the District borrowed \$54,977 for the purchase of a school bus from Iowa State Bank. The loan will be paid off over the next two years with an interest rate of 3.65%, with proceeds from the Physical Plant and Equipment Levy. The balance remaining at June 30, 2011 was \$28,491.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District projects that its enrollment will be stable over the next five years. Birth rates in Clarksville District have been consistent for the past fifteen years. The District's enrollment decreased by 24.35 students from October 2009 to October 2010, but this was offset by a decrease of 3 students in net open enrollment out students.
- The District's total taxable valuation increased 3.9%, \$2,979,183, for the 2010-2011 school year.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal "No Child Left Behind Act" and the state "Student Achievement and Teacher Quality Initiative". This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa 50619.

Basic Financial Statements

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental	Business Type Activities	
	Activities	School Nutrition	Total
Assets			
Cash	\$ 600,140	26,632	626,772
Receivables:			
Property tax:			
Current year	16,910	-	16,910
Succeeding year	1,338,965	-	1,338,965
Income surtax - succeeding year	206,863	-	206,863
Due from other governments	187,403	-	187,403
Other receivables	2,000	-	2,000
Inventories	-	5,903	5,903
Capital assets, net of accumulated depreciation	2,199,713	7,013	2,206,726
Total assets	4,551,994	39,548	4,591,542
Liabilities			
Accounts payable	91,134	2,734	93,868
Deferred revenue:			
Federal programs	64,619	-	64,619
Succeeding year property tax	1,338,965	-	1,338,965
Long-term liabilities:			
Portion due within one year:			
Early retirement	21,600	-	21,600
Bus loan note payable	13,991	-	13,991
Portion due after one year:			
Net OPEB liability	39,981	-	39,981
Early retirement	37,800	-	37,800
Bus loan note payable	14,500	-	14,500
Total liabilities	1,622,590	2,734	1,625,324
Net assets			
Invested in capital assets, net of related debt	2,171,222	7,013	2,178,235
Restricted for:			
Categorical funding	52,128	-	52,128
Student activities	49,308	-	49,308
Management levy	47,463	-	47,463
School infrastructure	323,665	-	323,665
Physical plant and equipment levy	127,798	-	127,798
Unrestricted	157,820	29,801	187,621
Total net assets	\$ 2,929,404	36,814	2,966,218

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Total
Functions/Programs:				
Governmental activities:				
Instruction:	\$ 2,959,977	83,729	696,859	(2,179,389)
				(2,179,389)
Support services:				
Student services	52,888	-	-	(52,888)
Instructional staff services	62,541	-	-	(62,541)
Administration services	375,507	-	-	(375,507)
Operation and maintenance of plant services	238,311	-	16,414	(221,897)
Transportation services	117,421	-	-	(117,421)
	846,668	-	16,414	(830,254)
				(830,254)
Non-instructional programs:				
Food service operations	3,468	-	-	(3,468)
				(3,468)
Other expenditures:				
AEA flowthrough	170,379	-	170,379	-
Long-term debt interest and services	1,533	-	-	(1,533)
Facilities acquisition and construction	54,005	-	40,416	(13,589)
Depreciation (unallocated)*	138,537	-	-	(138,537)
	364,454	-	210,795	(153,659)
				(153,659)
Total governmental activities	4,174,567	83,729	924,068	(3,166,770)
				(3,166,770)

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants, Contributions and Restricted Interest			
	Charges for Service	Governmental Activities	Business Type Activities	Total
Expenses				
Business type activities:				
Non-instructional programs:				
Nutrition services	191,925	88,920	76,436	(26,569)
Total	<u>\$ 4,366,492</u>	<u>172,649</u>	<u>1,000,504</u>	<u>(3,193,339)</u>
General Revenues:				
Property tax levied for:				
General purposes		\$ 1,051,176	-	1,051,176
Management levy		92,136	-	92,136
Capital outlay		32,997	-	32,997
Income surtax:				
General purposes		140,263	-	140,263
Capital outlay		70,121	-	70,121
Statewide sales, services and use tax		288,157	-	288,157
Unrestricted state grants		1,770,187	-	1,770,187
Unrestricted investment earnings		8,730	-	8,730
Other		3,492	-	3,492
Total general revenues		<u>3,457,259</u>	<u>-</u>	<u>3,457,259</u>
Change in net assets		290,489	(26,569)	263,920
Net assets beginning of year		<u>2,638,915</u>	<u>63,383</u>	<u>2,702,298</u>
Net assets end of year		<u>\$ 2,929,404</u>	<u>36,814</u>	<u>2,966,218</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

Assets

Cash
Receivables:
Property tax:
Current year
Succeeding year
Income surtax - succeeding year
Due from other governments
Other receivables
Total assets

	General	Student Activity	Management	Capital Projects			Total
				Statewide Sales Service and Use Tax	Physical Plant and Equipment Levy		
\$	217,566	49,308	105,536	169,360	58,370		600,140
	15,109	-	1,327	-	474		16,910
	1,212,575	-	92,500	-	33,890		1,338,965
	137,909	-	-	-	68,954		206,863
	33,098	-	-	154,305	-		187,403
	2,000	-	-	-	-		2,000
	<u>\$1,618,257</u>	<u>49,308</u>	<u>199,363</u>	<u>323,665</u>	<u>161,688</u>		<u>2,352,281</u>

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

Liabilities and Fund Balances

Liabilities:

Accounts payable	\$ 91,134	-	-	-	-	91,134
Deferred revenue:						
Federal programs	64,619	-	-	-	-	64,619
Succeeding year property tax	1,212,575	-	-	-	33,890	1,338,965
Succeeding year income surtax	137,909	-	-	-	68,954	206,863
Total liabilities	1,506,237	-	92,500	-	102,844	1,701,581

Fund balances:

Reserved for:						
Categorical funding	52,128	-	-	-	-	52,128
Student activities	-	49,308	-	-	-	49,308
Management levy	-	-	106,863	-	-	106,863
School infrastructure	-	-	-	323,665	-	323,665
Physical plant and equipment levy	-	-	-	-	58,844	58,844
Unassigned	59,892	-	-	-	-	59,892
Total fund balances	112,020	49,308	106,863	323,665	58,844	650,700
Total liabilities and fund balances	\$1,618,257	49,308	199,363	323,665	161,688	2,352,281

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (Exhibit C)	\$ 650,700
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Income surtax receivable at June 30, 2011 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	206,863
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,199,713
--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Net OPEB liability	\$ (39,981)	
Early retirement	(59,400)	
Bus loan note payable	<u>(28,491)</u>	<u>(127,872)</u>

Net assets of governmental activities (Exhibit A)	<u>\$ 2,929,404</u>
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CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2011

	General	Student Activity	Management	Capital Projects			Debt Service	Total
				Statewide Sales Service and Use Tax	Physical Plant and Equipment Levy			
Revenues:								
Local sources:								
Local tax	\$ 1,195,448	-	92,136	288,157	105,122	-	-	1,680,863
Tuition	83,729	-	-	-	-	-	-	83,729
Other	28,709	121,915	7,807	40,416	8,508	-	-	207,355
State sources	2,248,647	-	73	-	26	-	-	2,248,746
Federal sources	250,376	-	-	-	-	-	-	250,376
Total revenues	3,806,909	121,915	100,016	328,573	113,656	-	-	4,471,069
Expenditures:								
Current:								
Instruction	2,825,545	127,932	32,740	-	24,840	-	-	3,011,057
Support services:								
Student services	52,888	-	-	-	-	-	-	52,888
Instructional staff services	62,541	-	-	-	12,201	-	-	74,742
Administration services	373,000	-	2,507	-	-	-	-	375,507
Operation and maintenance of plant services	202,607	-	35,704	16,999	-	-	-	255,310
Transportation services	94,917	-	7,180	-	21,370	-	-	123,467
	785,953	-	45,391	16,999	33,571	-	-	881,914
Non-instructional programs:								
Food service operations	-	-	3,468	-	-	-	-	3,468

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2011

	General	Student Activity	Management	Statewide Sales Service and Use Tax	Physical Plant and Equipment Levy	Debt Service	Total
Other expenditures:							
AEA flowthrough	170,379	-	-	-	-	-	170,379
Long-term debt:							
Principal	-	-	-	-	-	13,498	13,498
Interest	-	-	-	-	-	1,533	1,533
Facilities acquisition and construction	-	-	-	195,029	64,875	-	259,904
	<u>170,379</u>	<u>-</u>	<u>-</u>	<u>195,029</u>	<u>64,875</u>	<u>15,031</u>	<u>445,314</u>
Total expenditures	<u>3,781,877</u>	<u>127,932</u>	<u>81,599</u>	<u>212,028</u>	<u>123,286</u>	<u>15,031</u>	<u>4,341,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,032</u>	<u>(6,017)</u>	<u>18,417</u>	<u>116,545</u>	<u>(9,630)</u>	<u>(15,031)</u>	<u>129,316</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	-	-	15,031	15,031
Operating transfers out	-	-	-	-	(15,031)	-	(15,031)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,031)</u>	<u>15,031</u>	<u>-</u>
Net change in fund balances	25,032	(6,017)	18,417	116,545	(24,661)	-	129,316
Fund balances beginning of year	86,988	55,325	88,446	207,120	83,505	-	521,384
Fund balances end of year	<u>\$ 112,020</u>	<u>49,308</u>	<u>106,863</u>	<u>323,665</u>	<u>58,844</u>	<u>-</u>	<u>650,700</u>

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances - total governmental funds (Exhibit E) \$ 129,316

**Amounts reported for governmental activities in the Statement of Activities
 are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities. This represents the change in income surtax receivable from the prior fiscal year. (6,013)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 306,915	
Depreciation expense	<u>(153,861)</u>	153,054

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 13,498

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	21,600	
Other postemployment benefits	<u>(20,966)</u>	<u>634</u>

Change in net assets of governmental activities (Exhibit B) \$ 290,489

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ <u>88,920</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	73,854
Benefits	12,219
Services	3,658
Supplies	101,948
Depreciation	<u>246</u>
Total operating expenses	<u>191,925</u>
Operating (loss)	<u>(103,005)</u>
Non-operating revenues:	
State sources	1,619
Federal sources	74,144
Interest income	<u>673</u>
	<u>76,436</u>
Net (loss)	(26,569)
Net assets beginning of year	<u>63,383</u>
Net assets end of year	<u>\$ 36,814</u>

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 88,920
Cash payments to employees for services	(86,073)
Cash payments to suppliers for goods or services	(91,283)
Net cash (used by) operating activities	<u>(88,436)</u>
Cash flows from non-capital financing activities:	
State grants received	1,619
Federal grants received	<u>62,318</u>
Net cash provided by non-capital financing activities	<u>63,937</u>
Cash flows from capital financing activities:	
Acquisition of capital assets	(1,230)
Cash flows from investing activities:	
Interest on investments	<u>673</u>
Net increase in cash and cash equivalents	(25,056)
Cash and cash equivalents beginning of year	<u>51,688</u>
Cash and cash equivalents end of year	<u>\$ 26,632</u>
Reconciliation of operating (loss) to net cash (used by) operating activities:	
Operating (loss)	\$ (103,005)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:	
Depreciation	246
Commodities used	11,826
Decrease in inventory	1,902
Increase in accounts payable	<u>595</u>
	<u>\$ (88,436)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$11,826.

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011

	Private Purpose Trusts <u>Scholarships</u>
Assets	
Cash	\$ 53,624
Total assets	<u>53,624</u>
Net Assets	
Reserved for scholarships	<u>53,624</u>
Total net assets	<u>\$ 53,624</u>

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trusts <u>Scholarships</u>
Additions:	
Local sources:	
Miscellaneous	\$ 1,380
Total additions	<u>1,380</u>
Deductions:	
Support services:	
Scholarships	<u>3,400</u>
Total deductions	<u>3,400</u>
Change in net assets	(2,020)
Net assets beginning of year	<u>55,644</u>
Net assets end of year	<u>\$ 53,624</u>

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Clarksville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Clarksville, Iowa, and agricultural area in Butler County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clarksville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Clarksville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler County Assessor Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has chosen to include all governmental funds as major funds, whether they meet the criteria or not. This was done for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Capital Projects Fund, Physical Plant and Equipment Levy is utilized to account for the maintenance and equipping of the District's facilities.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund, Statewide Sales, Services and Use Tax is used to account for funds raised by the one cent School Infrastructure Local Option Sales Tax. These funds are being used for debt retirement and infrastructure expenses.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund includes the cost of sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years. The District had no intangible assets which meet the capitalization threshold.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles assets	50,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles assets	5-10 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability is deemed to be immaterial at June 30, 2011.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures exceeded the amended budgeted amount in the instruction function. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2011.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Capital assets being depreciated:				
Buildings and improvements	3,998,488	222,898	-	4,221,386
Machinery and equipment	727,245	84,017	47,985	763,277
Total capital assets being depreciated	4,725,733	306,915	47,985	4,984,663
Less accumulated depreciation for:				
Buildings	2,151,313	96,333	-	2,247,646
Machinery and equipment	537,266	57,528	47,985	546,809
Total accumulated depreciation	2,688,579	153,861	47,985	2,794,455
Total capital assets being depreciated, net	2,037,154	153,054	-	2,190,208
Governmental activities, capital assets, net	\$ 2,046,659	153,054	-	2,199,713
Business type activities:				
Furniture and equipment	\$ 55,849	1,230	-	57,079
Less accumulated depreciation	49,820	246	-	50,066
Business type activities capital assets, net	\$ 6,029	984	-	7,013
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 15,324
Unallocated				138,537
				<u>\$ 153,861</u>
Business Type activities:				
Food service operations				<u>\$ 246</u>

(4) Bus Loan Payable

In August, 2008 the District borrowed \$54,977 for the purchase of a school bus from the Iowa State Bank. The loan will be repaid over four years from proceeds of the District's Physical Plant and Equipment Levy.

Details of the District's June 30, 2011 bus loan payable are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2012	3.65%	\$13,991	1,040	15,031
2013	3.65	14,500	530	15,030
		<u>\$28,491</u>	<u>1,570</u>	<u>30,061</u>

(5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$170,379 for year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(6) Risk Management

Clarksville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	<u>Balance Beginning Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Bus Loan Payable	\$ 41,989	-	13,498	28,491	13,991
Other Postemployment Benefits	19,015	20,966	-	39,981	-
Early Retirement	81,000	-	21,600	59,400	21,600
Total	<u>\$142,004</u>	<u>20,966</u>	<u>35,098</u>	<u>127,872</u>	<u>35,591</u>

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$125,994, \$117,924, and \$118,456 respectively, equal to the required contributions for each year.

(9) Interfund Transfers

The detail of Interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Physical Plant and Equipment Levy	<u>\$15,031</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(10) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants was 1.20% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2010-11A	6/30/10	6/23/11	\$ -	-	-	-
2010-11B	1/26/11	1/25/12	-	-	-	-
Total			\$ -	-	-	-

During the year ended June 30, 2011, the District paid \$1,915 of interest on the ISCAP warrants.

(11) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 35 active members and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$22,425
Interest on net OPEB Obligation	475
Adjustment to annual required contribution	(1,934)
Annual OPEB Cost	<u>20,966</u>
Contributions made	-
Increase in net OPEB obligation	<u>20,966</u>
Net OPEB obligation beginning of year	<u>19,015</u>
Net OPEB obligation end of year	<u>\$39,981</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District made no contributions to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$20,704	8.2%	\$19,015
June 30, 2011	\$22,425	0.0%	\$39,981

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$163,536, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$163,536. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,908,000 and the ratio of the UAAL to covered payroll was 8.6%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as Required Supplementary Information, in the section following the Notes to Financial Statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Early Retirement

The District instituted an early retirement plan for certified staff for the year ending June 30, 2010. This was a one year only program. Eligible employees will have reached the age of 55 and completed at least twenty years of teaching services to the District. Staff were required to submit an application prior to March 26, 2010 to the board of education. The District will provide the cost of health insurance premiums (not to exceed \$450 per month) for up to sixty months. Four individuals took advantage of this offer and will be paid a total of \$81,000 over a five year period. \$21,600 of benefits were paid in the fiscal year ending June 30, 2011. \$59,400 remains to be paid over the next four years.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects, Physical Plant and Equipment Levy	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ -	83,505
Change in fund type classification per implementation of GASB Statement No. 54	<u>83,505</u>	<u>(83,505)</u>
Balances July 1, 2010, as restated	<u>\$83,505</u>	<u>-</u>

Required Supplementary Information

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 1,971,947	89,593	2,061,540	1,909,572	1,854,145	207,395
State sources	2,248,746	1,619	2,250,365	2,437,519	2,360,886	(110,521)
Federal sources	250,376	74,144	324,520	191,700	232,750	91,770
Total revenues	<u>4,471,069</u>	<u>165,356</u>	<u>4,636,425</u>	<u>4,538,791</u>	<u>4,447,781</u>	<u>188,644</u>
Expenditures/expenses:						
Instruction	3,011,057	-	3,011,057	2,929,278	2,969,320	(41,737)
Support services	881,914	-	881,914	1,016,300	1,046,220	164,306
Non-instructional programs	3,468	191,925	195,393	176,680	202,110	6,717
Other expenditures	445,314	-	445,314	441,773	509,640	64,326
Total expenditures/expenses	<u>4,341,753</u>	<u>191,925</u>	<u>4,533,678</u>	<u>4,564,031</u>	<u>4,727,290</u>	<u>193,612</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	129,316	(26,569)	102,747	(25,240)	(279,509)	382,256
Other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	129,316	(26,569)	102,747	(25,240)	(279,509)	382,256
Balance beginning of year	521,384	63,383	584,767	289,907	433,975	150,792
Balance end of year	<u>\$ 650,700</u>	<u>36,814</u>	<u>687,514</u>	<u>264,667</u>	<u>154,466</u>	<u>533,048</u>

See accompanying independent auditor's report.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$163,259.

During the year ended June 30, 2011, expenditures exceeded the amended budgeted amount in the instruction function. The District did not exceed the General Fund unspent authorized budget.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$0	\$164	\$164	0.0%	\$1,887	8.7%
2011	Jul 1, 2009	\$0	\$164	\$164	0.0%	\$1,908	8.6%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Interest	\$ 10,302	2,992	3,059	10,235
Athletics	11,737	61,418	63,227	9,928
Instrumental Music	82	880	962	-
Drill Team	793	-	-	793
Drama/Speech	-	3,556	3,556	-
Athletics Clearing	-	2,156	1,882	274
Music Fundraiser/Trip	1,005	-	-	1,005
School Store	4,023	5,163	8,246	940
Industrial Technology	645	120	74	691
Get a Grip	374	-	-	374
Elementary Projects	1,474	7,706	7,048	2,132
National Honor Society	1,657	1,311	1,823	1,145
Spanish Club	3,788	2,641	1,696	4,733
Home Economics	623	-	-	623
Special Clearing	-	1,956	1,956	-
Senior Class	2,634	479	2,832	281
Junior Class	229	15,950	15,938	241
Sophomore Class	181	234	276	139
Freshman Class	139	-	139	-
7th Grade Class	-	51	-	51
6th Grade Class	-	51	51	-
Recycling Project	4,321	1,086	1,831	3,576
Jump Rope for Heart	134	-	-	134
Special Donations	1,124	1,227	114	2,237
JH Magazines	1,678	6,206	4,387	3,497
JH Math	116	-	-	116
JH Student Council	738	-	109	629
SH Student Council	2,101	2,585	3,345	1,341
Cheerleaders	1,026	213	940	299
Yearbook	4,401	3,934	4,441	3,894
Total	\$ 55,325	121,915	127,932	49,308

See accompanying independent auditor's report.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2011

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Asher Scholarship	\$ 13,007	327	500	12,834
Weinberg Scholarship	33,534	839	2,000	32,373
Winkey Scholarship	6,801	173	-	6,974
Eslinger Scholarship	1,825	41	500	1,366
Herrera Scholarship	77	-	-	77
Clarksville Alumni	400	-	400	-
Total	<u>\$ 55,644</u>	<u>1,380</u>	<u>3,400</u>	<u>53,624</u>

See accompanying independent auditor's report.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Eight Years

	Modified Accrual Basis						
	2011	2010	2009	2008	2007	2006	2005
Revenues:							
Local sources:							
Local tax	\$ 1,680,863	1,528,495	1,560,377	1,509,161	1,502,830	1,380,329	1,347,315
Tuition	83,729	72,988	79,973	75,297	72,100	95,152	86,628
Other	207,355	166,061	186,687	174,416	207,739	215,024	155,200
State sources	2,248,746	1,936,316	2,263,663	1,933,068	1,714,184	1,544,051	1,570,049
Federal sources	250,376	343,685	158,525	111,912	137,009	289,141	124,031
Total	<u>\$ 4,471,069</u>	<u>4,047,545</u>	<u>4,249,225</u>	<u>3,803,854</u>	<u>3,633,862</u>	<u>3,523,697</u>	<u>3,283,223</u>
							<u>3,287,307</u>
Expenditures:							
Instruction	\$ 3,011,057	2,812,146	2,783,688	2,567,449	2,369,658	2,293,561	2,203,668
Support services:							
Student	52,888	54,720	49,688	35,537	17,759	1,237	34,192
Instructional staff	74,742	121,612	145,129	135,110	64,119	91,556	62,007
Administration	375,507	346,857	335,648	345,752	338,570	335,300	413,221
Operation and maintenance of plan	255,310	296,361	270,017	320,803	243,655	262,646	208,781
Transportation	123,467	98,463	163,408	102,373	95,011	75,843	71,999
Non-instructional programs	3,468	3,049	3,029	2,629	1,492	1,495	1,441
Other expenditures:							
Facilities acquisition	259,904	170,609	82,109	74,792	35,117	255,319	100,500
Debt service:							
Principal	13,498	12,988	165,000	155,000	154,000	144,000	139,000
Interest and services	1,533	2,043	8,155	15,285	22,110	28,010	34,085
AEA flowthrough	170,379	163,720	139,317	124,258	11,475	109,443	110,505
Total	<u>\$ 4,341,753</u>	<u>4,082,568</u>	<u>4,145,188</u>	<u>3,878,988</u>	<u>3,352,966</u>	<u>3,598,410</u>	<u>3,379,399</u>
							<u>3,425,470</u>

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants

- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation

- Year Round Tax Planning

- Payroll & Sales Tax Preparation

- I.R.S. Representation

- Monthly/Quarterly Write-Up

- Data Processing Services

- Payroll Preparation

- Financial Statement Preparation

- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience

- Evenings & Saturdays Available by Appointment

- Extended Hours During Tax Season

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Clarksville Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 14, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clarksville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-11 and I-B-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no items which we consider to be significant deficiencies.

202 Central Avenue East
P.O. Box 241
Clarion, IA 50525

Phone: (515) 532-6659
Fax: (515) 532-3677
bruce@frinkcpa.com

Compliance and Other Matters

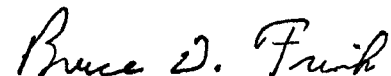
As part of obtaining reasonable assurance about whether Clarksville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clarksville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Clarksville Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clarksville Community School District and other parties to whom Clarksville Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarksville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 14, 2012

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-11 Segregation of Duties - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-11 Auditor Drafting of the Financial Statements and Related Footnote Disclosures - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 115, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - Expenditures for the year ended June 30, 2011 exceeded the certified amended budgeted amount in the instruction function. The District did not exceed its unspent authorized budget.

Recommendation - The certified budget should have been amended in a sufficient amount in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-11 Questionable Expenditures - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-11 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

II-G-11 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-H-11 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education.

II-I-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-J-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-K-11 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:
(continued)

II-L-11 Statewide sales, services and use tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.
Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$207,120
Revenues/transfers in:		
Sales tax revenues	\$288,157	
Other local revenues	<u>40,416</u>	<u>328,573</u>
		535,693
Expenditures/transfers out:		
School infrastructure construction	195,029	
Equipment	<u>16,999</u>	<u>212,028</u>
Ending balance		<u>\$323,665</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.